

Message Text

UNCLASSIFIED

PAGE 01 STATE 058219

71
ORIGIN OPIC-12

INFO OCT-01 NEA-10 ISO-00 EB-11 OMB-01 TRSE-00 L-03 AID-20

IGA-02 /060 R

66614
DRAFTED BY: OPIC/GC: CFLIPMAN
APPROVED BY: E/IFD/OIA: MKENNEDY
OPIC/GC: CHUNT
OPIC/F: PMCCALLUM
EB/IFD: WHCOURTNEY
NEA/PAB: MR. CONSTABLE(SUBS)

----- 061437

P 222205Z MAR 74
FM SECSTATE WASHDC
TO AMEMBASSY KABUL PRIORITY

UNCLAS STATE 058219

EO11652 NA
TAGS/ EFIN
SUBJ: OPIC LOAN TO YAQUB LEATHER INDUSTRIES INCORPORATED
(THE "COMPANY").

REF: A. STATE 046869
B. KABUL 1374
C. KABUL 1705

1. BALBIR MATHUR, JOHN KEENE AND ANOTHER GENESCO EMPLOYEE
PLAN DEPART FOR KABUL MARCH 23. THEY WILL HAVE WITH THEM
(I) COMMITMENT LETTER EXECUTED BY OPIC AND TO BE EXECUTED
BY THE COMPANY UNDER WHICH OPIC AND THE COMPANY WILL AGREE
TO ENTER INTO LOAN AGREEMENT ON CERTAIN TERMS, AND (II)
REDRAFT OF THE LOAN AGREEMENT INCORPORATING RECENT
UNDERSTANDINGS OF THE PARTIES INCLUDING IDBA.

2. WE HAVE BEEN AWARE OF ARTICLE 3, SECTION D OF 1967 FDPL
TAX EXEMPTION REFERRED TO PARA 2 REF C. HOWEVER, THERE IS PROBLEM
WHICH SEEMS TO MAKE THIS PROVISION INAPPLICABLE TO OPIC'S
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 058219

LOAN. OPIC WILL BE MAKING A USG LOAN, NOT A PRIVATE LOAN.

ARTICLE 2 DEFINING "SCOPE" OF FDPIL STATES THAT "PRIVILEGES... OF THIS LAW SHALL EXTEND TO ALL NEW, PRIVATE(REPEAT PRIVATE) INVESTMENTS IN AFGHANISTAN BY ANY REAL PERSON OR NON-GOVERNMENTAL (REPEAT NON-GOVERNMENTAL) LEGAL ENTITY...". THE PREAMBLE TO ARTICLE 3 FDPIL STATES THAT "INVESTMENTS WITHIN THE SCOPE (REPEAT, WITHIN THE SCOPE) OF THIS LAW... SHALL RECEIVE THE FOLLOWING FISCAL BENEFITS..." AND THEN MENTIONS THE TAX EXEMPTION.

3. SIMILAR PROBLEM MAY WELL EXIST FOR FX REPATRIATION UNDER ARTICLE 5 FDPIL, REFERRED TO PARA 3 REF C.

4. ALTHOUGH THIS APPEARS TO EXCLUDE TAX EXEMPTIONS OF FDPIL ARTICLE 3, SECTION D AND PERHAPS FX REPATRIATION ASSURANCE OF ARTICLE 5 FROM OPIC'S GOVERNMENTAL LOAN, PLEASE ASK TARAKI TO INVESTIGATE AND REPORT. WE HAVE ASKED HIM ABOUT GOA TAX EXEMPTIONS AND FOREIGN EXCHANGE ASSURANCES FOR OPIC FROM THE DATE OF OUR EARLY CORRESPONDENCE AND DOCUMENTS, UNDERSTAND HE IS INVESTIGATING, BUT SO FAR HAVE NO SPECIFIC COMMENT. IF REPEAT IF FDPIL NOW DOES APPLY TO FOREIGN GOVERNMENTS AS WELL AS PRIVATE INVESTORS WE WOULD LIKE TARAKI'S OPINION TO EXPRESSLY SO STATE, AND THERE SHOULD BE NO FURTHER PROBLEM.

5. IF PRESENT AFGHAN LAW DOES NOT CLEARLY PROVIDE SUCH TAX EXEMPTIONS AND FX ASSURANCES FOR OPIC AS USG AGENCY, OPIC WOULD LIKE EMBASSY ASSISTANCE TO OBTAIN THEM ASAP, AS SUGGESTED LAST SENTENCE PARA 4 REF C. AS SOVEREIGN, USG THROUGH OPIC SHOULD NOT BE TAXED IN ANY FORM, INCLUDING STAMP AND FILING TAXES FOR LOANS AND MORTGAGES AND THE "SUQUQ" TAX AS WELL AS TAXES ON INTEREST INCOME REFERRED TO IN ARTICLE 3(D) FDPIL. USG BY STATUTE EXEMPTS FROM US TAXES INCOME EARNED BY FOREIGN COUNTRIES IN US. OPIC OBTAINS TAX EXEMPTIONS FOR ITS DIRECT LOANS (OF CONGRESSIONALLY APPROPRIATED FUNDS) IN EACH COUNTRY IN WHICH THEY ARE MADE. TAX EXEMPTIONS FOR FOREIGN SOVEREIGNS OUGHT NOT TO BE NEW OR CONTROVERSIAL CONCEPT FOR GOA.

6. PLEASE INVESTIGATE WHAT PRESENT AFGHAN LAW MAY PERMIT
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 058219

A MEMBER OF ITS GOVERNMENT TO GRANT SUCH OPIC TAX EXEMPTIONS, IF ANY, AND FX ASSURANCES AND WHAT DOCUMENTATION IS INVOLVED. IN ANY EVENT, SOME SPECIFIC WRITTEN GOA RULING BY AUTHORIZED OFFICIAL CONFIRMING TAX EXEMPTIONS AND FX ASSURANCES WOULD BE NEEDED. WHAT PROCEDURE AND TIMING DOES EMBASSY FORESEE?

7. PLEASED TO NOTE TARAKI REPORT, PARA 7 REF C. OPIC WAITING

ADVICE AND ALL PROJECT DOCUMENTS PREVIOUSLY REQUESTED. PLEASE
ASK TARAKI TO DELIVER COPIES FOR OPIC TO GENESCO REPRESENTATIVES
MENTIONED PARA 1 ABOVE.

8. OPIC WILL BE PLEASED TO PAY TARAKI'S FEES SPECIFIED
IN HIS USG PURCHASE ORDER DATED 1/25/74 AND DELIVERED TO HIM
WITH LIPMAN'S LETTER OF 1/28/74, IMMEDIATELY UPON HIS
SUBMISSION OF THE INVOICES AND INFORMATION REFERRED TO AT THE
BOTTOM OF PAGE 1 OF THE PURCHASE ORDER, WHICH MAY BE FOR HIS
SERVICES TO DATE. HIS MONTHLY FEE SHOULD BE AT THE RATE OF \$100
PER MONTH FROM JULY 28, 1973 THROUGH OCTOBER 13, 1973,
THE DATE OF THIS LETTER REQUESTING AN INCREASE, AND THEREAFTER
AT THE RATE OF \$200 PER MONTH.

9. PLEASE ADVISE TARAKI OF FOREGOING AND PASS A COPY OF THIS TELEGRAM
TO HIM.

10. THANK YOU AGAIN FOR YOUR ASSISTANCE.
KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LEATHER, BUSINESS FIRMS, FOREIGN EXCHANGE, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE058219
Document Source: CORE
Document Unique ID: 00
Drafter: OPIC/GC: CFLIPMAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740062-0245
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740321/aaaaatdk.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. STATE 046869
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2002 by elbezefj>; APPROVED <10 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC LOAN TO YAQUB LEATHER INDUSTRIES INCORPORATED (THE "COMPANY").
TAGS: EFIN, AF, OPIC
To: KABUL
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005